



## Transaction Privilege Tax Changes and News

This publication is an informational notice included with the September 2006 Transaction Privilege Tax Return.

### CITY OF LITCHFIELD PARK

**Effective June 17, 2006:** On May 17, 2006 the Mayor and City Council of the City of Litchfield Park passed ordinance number 06-115. Ordinance 06-115 increases the Litchfield Park City Privilege Tax on Construction Contracting, section 415, 416 and 417 from **2% to 4%**. The tax on Construction Contracting shall be reported using **LP015**.

This increase imposed by ordinance 06-115 shall not apply to construction contracts entered into prior to the effective date of the ordinance. Pre-existing construction contracts should be reported using **LP008** at a rate of **2%**.

### TOWN OF GILA BEND

**Effective November 1, 2006:** On February 28, 2006 the Mayor and Town Council of the Town of Gila Bend passed ordinance number 06-05. Ordinance 06-05 removes the two level tax structure on big ticket items by deleting option V.

### RENTAL OCCUPANCY TAX, MEMBERSHIP CAMPING CLASSIFICATION AND TIMBER SEVERANCE TAX REPEAL

**Effective November 1, 2006:** The Legislature passed and Governor Napolitano signed House Bill 2876 repealing the Rental Occupancy Tax (class 028), the Timbering Severance Tax (classes 020, 021, and 022) and the Membership Camping Classification (class 047). There will be no state or county tax on these activities beginning November 1, 2006, so you do not have to report income from these activities occurring after October 31, 2006. Some cities and towns will, however, continue to tax these activities.

Please refer to our website at [www.azdor.gov](http://www.azdor.gov) for updated information.



## Small Business Owners Get "Connected"

**File Your Taxes  
Pay Your Taxes  
Manage Your Account**

**[www.aztaxes.gov](http://www.aztaxes.gov)**

## **BUSINESS TAXPAYERS...**

### **Changes to Arizona law that may affect you**

*Effective September 21, 2006*

- Transaction Privilege (Sales) Tax returns and payments filed electronically will now be considered timely if received by the department by the second to the last business day of the month. Now you can e-file on AZTaxes with the same deadline that applies to walk-ins!
- Employers who make all payments on time and in full during a quarter get an extra 10 days to file withholding returns.
- The late filing penalty for TPT returns will now be computed on the full tax liability shown on the return, without any credit for taxes that were paid on time.
- Dishonored electronic payments are now treated the same as returned checks; a \$25 fee applies.

### **Frequently Asked Questions**

#### **What is the cut-off for electronic payments?**

Electronic payments and returns will now be considered timely if received by the department on or before the second to last business day of the month. However, since the payment must be received by the department by the second to last business day, electronic payments must be initiated by 2PM, MST, on the day prior to the second to last business day of the month. For taxpayers using AZTaxes.gov to file and pay TPT, the process must be completed by 5PM, MST, on the business day before the second to last business day.

#### **How is the new late filing penalty calculated for TPT?**

Previously, the late filing penalty was levied against tax **remaining due** when the return was filed. This meant that there was no penalty for returns filed late, as long as the tax due was paid on time. **The amended statute changes this penalty.** The amount of the penalty is **now based on the total tax shown as being due** (Line 5 of the return), without reduction for any tax that was paid on time.

#### **What is different about NSF fees for electronic payments?**

In the past, there was only a fee if a paper check was dishonored by the bank or other institution. As a result of an amendment to the statute, the \$25 fee will also apply to dishonored electronic payments.

#### **How do I know if I qualify to file the A1-QRT 10 days later?**

If you have made timely payments during the quarter, and you paid the full amount of withholding that was due, the due date for the A1-QRT has been extended 10 additional days. Instead of the being the 31<sup>st</sup> of the month following the close of the quarter, it is automatically extended to the 10<sup>th</sup> of the next month.